

TO: Participating GRH Lenders
FROM: Iowa's USDA, Rural Housing Service Single Family – Guaranteed Rural Housing (SF-GRH), April 2003

**** PLEASE DISTRIBUTE TO ALL WHO UTILIZE THE GRH PROGRAM ****

NEW NEWS

The new income limits are here! They will be effective Friday, March 28, 2003. A file is attached or you may access the limits at: http://www.rurdev.usda.gov/rhs/ProgramBriefs/brief_rhguar.htm

New Iowa Policy - Non-incoming producing sites can be accepted regardless of size provided the contributory value of the site does not exceed 30% of the property's total value. Urban sites (i.e. residential zoning, public utilities, platted subdivision, etc.) with values exceeding 30% of the total value may be acceptable if determined to be typical for the area by the Agency loan approval official. Rural sites with values exceeding the 30% of the total value may be acceptable if the lender obtains documentation from the local zoning office that the site cannot be further subdivided for residential purposes based on its current zoning. For properties with outbuildings (besides the house and garage), the combined contributory value of the site and outbuildings cannot exceed 30% of the total value and must be documented by the appraiser in the appraisal. This will be added to our Iowa GRH Handbook.

Reminder - Flood Insurance must be obtained for those properties located in the 500-year flood plain. Iowa GRH will not provide a guarantee for those properties located in the 100-year flood plain.

Reminder - The Form RD 1980-21, Request for Single Family Housing Loan Guarantee has been updated. It has a revision date of 1-03 and may be found at:

<http://rdinit.usda.gov/regs/forms/1980-21.pdf>. Please begin using this form immediately.

\$ \$ \$ \$

We have a budget for Fiscal Year 2003. Funding is available.

Our fax machine is ready and waiting for your reservation requests!

PROCESSING

Please be sure to fax in those reservations prior to sending the guaranteed application package. This ensures the funding availability for the particular loan.

Conditional Commitments cannot be issued until the complete Underwriting Document and Termite Inspection are received.

The GRH Fee is 1.5% for new loans & 0.5% for refinance loans.

Our staff remains committed to providing excellent service with a 24 hour turnaround of complete application packages.

Don't Forget - Updated checklists are always available online:

<http://www.rurdev.usda.gov/ia/rhsg.html>

NEW ANs

RD AN 3833 - SFHGLP Determining Repayment Income for Self-Employed Applicants

This AN replaces RD AN 3727 dated 3/21/02. The purpose is to provide guidance on how to properly analyze a self-employed applicant's loan application for repayment ability.

RD AN 3831 - SFHGLP Applicant Credit History Verification

This AN replaces and is similar to AN No. 3694 released on January 8, 2002. The section dealing with rent history has been amended to include credit score criteria in conformance with the SFHGLP position concerning FICO scores (RD AN No. 3819 (1980-D)). The purpose is to renew RD methodology for evaluating payment shock. The outcome is to provide underwriting guidance to lenders. It is RD's expectation that lenders will act responsibly when originating and underwriting loans under RD Instruction 1980-D.

UPCOMING EVENTS

April 3, 2003

Iowa Mortgage Association Spring Conference
Collins Plaza Hotel, Cedar Rapids, Iowa

April 30, 2003

Iowa Home Ownership Education Project (IHOEP) - 2003 Spring Conference
Clarion Hotel and Conference Center, Urbandale, Iowa

DON'T FORGET

Properties for sale by RD may be found at: <http://www.resales.usda.gov/>

All Iowa GRH newsletters may be found under Updates at our GRH website at:
<http://www.rurdev.usda.gov/ia/rhsg.html>

For Iowa USDA, Rural Development Information: <http://www.rurdev.usda.gov/ia>

USDA, Rural Development offices will be closed on the following holidays:
Monday, May 26, 2003 - Memorial Day

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To request changes to our email list such as removals or additions, please reply to this email with your request. We appreciate your assistance with the maintenance of our e-mail list.

Thank you.

IOWA

Exhibit C

**GUARANTEED RURAL HOUSING PROGRAM
MODERATE INCOME LIMITS**

COUNTY	Number in Household							
	1	2	3	4	5	6	7	8
Benton/Bremer	46600	53250	59900	66550	71900	77200	82550	87850
Boone	46800	53500	60150	66850	72200	77550	82900	88250
Cedar	47750	54550	61400	68200	73650	79100	84600	90050
Dallas/ Polk/ Warren	53850	61550	69200	76900	83050	89200	95350	101500
Grundy	48950	55950	62950	69950	75550	81100	86700	92300
Iowa	54200	61950	69650	77400	83600	89800	96000	102200
Jasper/ Scott	45600	52100	58600	65100	70350	75550	80750	85950
Johnson	56200	64250	72250	80300	86700	93150	99550	106000
Linn	54050	61750	69450	77200	83350	89550	95700	101900
Madison	45650	52150	58650	65200	70400	75600	80850	86050
Marion	45900	52450	59000	65550	70800	76050	81300	86550
Muscatine/Plymouth	46300	52900	59500	66150	71400	76700	82000	87300
Pottawattamie	51800	59250	66650	74050	79950	85900	91800	97700
Story	50950	58250	65550	72800	78650	84450	90300	96100
<i>All other counties</i>	45500	52000	58500	65000	70150	75350	80550	85750